

#### REDACTED- FOR PUBLIC INSPECTION

October 15, 2013

### VIA OVERNIGHT DELIVERY

Marlene H. Dortch, Secretary Federal Communications Commission Office of the Secretary 445 12th Street, S.W. Washington, DC 20554

RE: Confidential Financial Information Subject to Protective Order in WC Docket Nos.

10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51,

WT Docket No. 10-208, Before the Federal Communications Commission

Dear Ms. Dortch:

South Central Utah Telephone Association, Inc., a privately-held rate of return carrier receiving high cost support, has electronically submitted FCC Form 481 to the Commission with redacted financial data, in compliance with 47 C.F.R. §§ 54.313 and 54.422

As specified in the Protective Order issued on November 16, 2012 by the Commission, two copies of the redacted confidential information are being filed simultaneously with the non-redacted confidential information. The redacted information for this filing and each page of the file where confidential information has been omitted is marked "REDACTED - FOR PUBLIC INSPECTION"

Please feel free to contact me with any questions regarding this particular matter.

Sincerely,

Marc McLemore

**Accounting Manager** 

Enclosures

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<010>	Study Area Code	502286		
<015>	Study Area Name	SOUTH CENTRAL UTAH		
<020>	Program Year	2014		
<030>	Contact Name: Person USAC should contact with questions about this data	Marc McLemore	<u></u>	
<035>	Contact Telephone Number: Number of the person identified in data line <	435-826-0225 0 <b>3</b> 0>		
<039>	Contact Email Address: Email of the person identified in data line <030	marcm@socen.com		1000
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<100>	Service Quality Improvement Reporting		(complete ottached worksheet)	(check box when complete)
<200> <210>	Outage Reporting (voice)	ox if no outages to report	(camplete attached worksheet)	<b>— / — /</b>
<310>	Unfulfilled Service Requests (voice)  Detail on Attempts (voice)  Unfulfilled Service Requests (broadband)  Detail on Attempts (broadband)	6   502286ut310   6   502286ut330	(attach descriptive document)	
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<500> <510> <600> <610> <700> <710> <800> <900> <1000> <1100> <1110>	Service Quality Standards & Consumer Protect  502286ut510  Functionality in Emergency 5ituations  502286ut610  Company Price Offerings (voice)  Company Price Offerings (broadband)  Operating Companies and Affiliates  Tribal Land Offerings (Y/N)?  Voice Services Rate Comparability  Terrestrial Backhaul (Y/N)?  Terms and Condition for Lifeline Customers	,	(check to indicate certification) (attached descriptive document) (check to indicate certification) (attoched descriptive document) (complete attached worksheet) (complete attached worksheet) if yes, camplete attached worksheet) (check to indicate certification) (attach descriptive document) if not, check to indicate certification) (camplete attached worksheet) (complete attached worksheet)	
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o McLemore	35-826-0225	marcm@socen.com	(yes/no) O	(yes/no)		e si Aueduv	Name of Attached Document (.pdf)	
Program Year Contact Name - Person 1154C should contact regarding this data	Contact Telephone Number - Number of person identified in data line <030>	Contact Email Address - Email Address of person identified in data line <030>			If your answer to Line <111> is yes, then you are required to file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.		Please check these boxes below to confirm that the attached PDF, on line 112, contains a progress report on its five-year service quality improvement plan pursuant to § 54.202(a). The information shall be submitted at the wire center level or census block as appropriate.	<ul> <li>&lt;113&gt; Maps detailing progress towards meeting plan targets</li> <li>&lt;114&gt; Report how much universal service (USF) support was received</li> <li>&lt;115&gt; How (USF) was used to improve service quality</li> <li>&lt;116&gt; How (USF) was used to improve service coverage</li> <li>&lt;117&gt; How (USF) was used to improve service capacity</li> <li>&lt;118&gt; Provide an explanation of network improvement targets not met</li> <li>in the prior calendar year.</li> </ul>
Day-200 Vena	Contact Name - Descon 1184C charlet contact recording this data	Contact Name - Person USAC should contact regarding this data Contact Telephone Number - Number of person identified in data I	Contact Name - Person USAC should contact regarding this data MC Contact Telephone Number - Number of person identified in data line <030> Contact Email Address - Email Address of person identified in data line <030>	Contact Name - Person USAC should contact regarding this data  Contact Telephone Number - Number of person identified in data line <030> 435-826-0225  Contact Email Address - Email Address of person identified in data line <030> maxcm@scocen.com  Has your company received its ETC certification from the FCC?  (yes / no )	Contact Name - Person USAC should contact regarding this data  Contact Telephone Number - Number of person identified in data line <030> 435-826-0225  Contact Email Address - Email Address of person identified in data line <030> maxcmassocen.com  Has your company received its ETC certification from the FCC?  If your answer to Line <110> is yes, do you have an existing §54.202(a) "5  (yes / no)	Contact Name - Person USAC should contact regarding this data  Contact Name - Person USAC should contact regarding this data  Contact Telephone Number - Number of person identified in data line <030> 435-826-0225  Contact Email Address - Email Address of person identified in data line <030> max cm@socen.com  Has your company received its ETC certification from the FCC?  If your answer to Line <110> is yes, do you have an existing \$54.202(a) "5  year plan" filed with the FCC?  If your answer to Line <111> is yes, then you are required to file a progress report, on line <112> delineating the status of your company's existing \$5  54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.	Contact Name - Person USAC should contact regarding this data  Contact Name - Person USAC should contact regarding this data  Contact Telephone Number - Number of person identified in data line <030> 435-826-0225  Contact Email Address - Email Address of person identified in data line <030> waxcmascoen.com  Has your company received its ETC certification from the FCC?  If your answer to Line <110> is yes, do you have an existing \$54.202(a) "5  year plan" filed with the FCC?  If your answer to Line <111> is yes, then you are required to file a progress report, on line <112> delineating the status of your company's existing \$  54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.  Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. \$ 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.	Contact Name - Person USAC should contact regarding this data  Contact Name - Person USAC should contact regarding this data   Maxc McLemoze   Contact Telephone Number - Number of person identified in data line <030> 435-826-0225   Contact Email Address - Email Address of person identified in data line <030> maxcmascoencom   Has your company received its ETC certification from the FCC?   (yes / no)   If your answer to Line <110> is yes, do you have an existing \$54.202(a) "5   year plan" filed with the FCC?   (yes / no)   If your answer to Line <111> is yes, then you are required to file a progress report, on line <112> delineating the status of your company's existing \$54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.  Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. \$54.313(a){1}. If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.  Please check these boxes below to confirm that the attached PDF, on line 112, contains a progress report on its five-year service quality improvement plan pursuant to \$54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

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	Tribal Land(s) on which ETC Serves	Kaih HC 6 Fred	Kaibab Band of Paiute Indians HC 65 Box 2 Fredonia, AZ 86022
<920> Trib	Tribal Government Engagement Dbligation	Sozz	502286ut920 Name of Attached Document (.pdf)
if y eac PDF gov	If your company serves Tribal lands, please select (Yes,No, NA) for each these boxes to confirm the status described on the attached PDF, on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:		
		Select (Yes,No, NA)	
<921> Ne	Needs assessment and deployment planning with a focus on Tribal community anchor institutions;	Yes	
<922> Fea:	Feasibility and sustainability planning;	Yes	
<923> Ma	Marketing services in a culturally sensitive manner;	No	
	Compliance with Rights of way processes	Yes	
<925> Con	Compliance with Land Use permitting requirements	X es	
	Compliance with Environmental Review processes	No	
<928> Con	Compliance with Cultural Preservation review processes	No	
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2014 Marc McLemore	McLemore		435-826-0225	marcm@socen.com		
	2014	Marc				<b></b>
Study Area Name	Program Year	Contact Name - Person USAC should contact regarding this data	Contact Telephone Number - Number of person identified in data line <030>	Contact Email Address - Email Address of person identified in data line <030>	Please check this box to confirm no terrestrial backhaul options exist within the supported area pursuant to § 54.313(G)	Please check this box to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(G)
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	> Study Area Code	> Study Area Name		<ul> <li>Contact Name - Person USAC should contact regarding this data</li> </ul>	<ul> <li>Contact Telephone Number - Number of person identified in data line &lt;030&gt;</li> </ul>	<ul> <li>Contact Email Address - Email Address of person identified in data line &lt;030&gt;</li> </ul>	<12.10> Terms & Conditions of Voice Telephony Lifeline Plans	*3127	► Link to Public Website HTTP_	"Please check these boxes below to confirm that the attached PDF, on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:	Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers,	Details on the number of minutes provided as part of the plan,	<1223> Additional charges for toll calls, and rates for each such plan.		
	<010>	<015>	<020>	<030>	<032>	<039>	4210		<1220>		<1221>	<1222>	<1223		

							CHECK the boxes below to note compliance as a recipient of incremental Connect America Phase i support, frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e) the information reported on this form and in the documents attached below is accurate.																				ling Required Information	
502286	SOUTH CENTRAL UTAH	2014	Marc McLemore	3> 435-826-0225	0> marcm@socen.com		merica Phase i support, frozen High Cost supp d),(e) the information reported on this form a				9}}											1,	a recipient	esses of	proadband		Name of Attached Document Listing Required Information	N. LANGERS
Study Area Code	Study Area Name		Contact Name - Person USAC should contact regarding this data	Contact Telephone Number - Number of person identified in data line <030>	Contact Email Address - Emall Address of person identified in data line <030>		e boxes beiow to note compilance as a recipient of Incremental Connect Ar support as set forth in 47 CFR § 54.313(b),(c),(c	Incremental Connect America Phase i reporting	2nd Year Certification (47 CFR § 54.313(b)(1)}	3rd Year Certification {47 CFR § 54.313(b)(2)}	Price Cap Carrier Receiving Frozen Support Certification (47 CFR § 54.312(a))	2013 Frozen Support Certification	2014 Frozen Support Certification	2015 Frozen Support Certification	2016 and future Frozen Support Certification	Price Cap Carrier Connect America ICC Support (47 CFR § 54.313(d))	Certification Support Used to Build Broadband	Connect America Phase II Reporting {47 CFR § 54.313{e}}	3rd year Broadband Service Certification	5th year Broadband Service Certification	Interim Progress Certification	Please check the box to confirm that the attached PDF, on line 2021,	contains the required information pursuant to § 54.313 (e)(3)(ii), as a	of CAF Phase II support shall provide the number, names, and addresses of	community anchor institutions to which began providing access to broadband	service in the preceding calendar year.	Interim Progress Community Anchor institutions	
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4035> Cont 4039> Cont CNECK the box (3010) Mile Prog (3011) recip addr acce 3012) Comt	ntact Telephone Number - Number of person identified in data line <030> ntact Email Address - Email Address of person identified in data line <030> ntact Email Address - Email Address of person identified in data line <030> CFR § 54.313(f)(2). I further certify that the stacked person in a \$4.313(f)(2). I further certify that the stack of confirm that the attached PDF, on line 30.12, attains the required information pursuant to § 54.313(f)(1)(ii) as a ipient of CAF hase ii support shall provide the number, names, and stresses of community anchor institutions to which began providing cass to broadband service in the preceding calendar year.  mmunity Anchor institutions (47 CFR § 54.313(f)(1)(ii)) our company a Privately Heid ROR Carrier (47 CFR § 54.313(f)(2)) ses, does your company file the RUS amual report as a sec check these boxes to confirm that the attached PDF, on line 30.17, attains the required information pursuant to § 54.313(f)(2) compliance clonic copy of their annual RUS reports (Operating Report for ecommunications Borrowers).	marcm@Boocen.com ant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring c tha information reported on this form and in the documents attach Name of Attached Document Listing Required information	ed below is accurate.  ed below is accurate.  [Yes/No]
CNECK the box CNECK the box (3010) Mile Pleas cont cont addrt addrt accided acced (3012) Com	ntact Email Address - Email Address of person identified in data line 4030>  oxes below to nota compliance on its five year service quality plan (pursua CFR § 54.313(f)(2). I further certify that the Sprass Report on 5 Year Plan  estone Certification (47 CFR § 54.313(f)(1)(1)  ase check this box to confirm that the attached PDF, on line 3012, ntains the required information pursuant to § 54.313 (f)(1)(ii), as a ipient of CAF Phase II support shall provide the number, names, and stresses of community anchor institutions to which began providing cass to broadband service in the preceding calendar year.  mmunity Anchor institutions (47 CFR § 54.313(f)(1)(ii))  rour company a Privately Heid ROR Carrier (47 CFR § 54.313(f)(2))  res, does your company file the RUS annual report  as and check these boxes to confirm that the attached PDF, on line 3017, ntains the required information pursuant to § 54.313(f)(2) compliance clonic copy of their annual RUS reports (Operating Report for ecommunications Borrowers)	marcm@Boocen.com ant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring c tha information reported on this form and in the documents attach Name of Attached Document Listing Required information	ed below is accurate.  ed below is accurate.  [Yes/No]
Progression Miscon (3011) recipied acces (3012) Com	oxes below to note compliance on its five year service quality plan (gursua gyrass Report on 5 Year Plan  Estone Certification (47 CFR § 54.313(f)(1), (1)  ase check this box to confirm that the attached PDF, on line 30.12,  Rains the required information pursuant to § 54.313 (f)(1)(ii) as a iplent of CAF Phase II support shall provide the number, names, and stresses of community anchor institutions to which began providing cass to broadband service in the preceding calendar year.  mmunity Anchor institutions (47 CFR § 54.313(f)(1)(ii))  rour company a Privately Heid ROR Carrier (47 CFR § 54.313(f)(2))  es, does your company file the RUS annual report  as an echeck these boxes to confirm that the attached PDF, on line 3017, attains the required information pursuant to § 54.313(f)(2) compliance ctionic copy of their annual RUS reports (Operating Report for ecommunications Borrowers)	ant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring citha information reported on this form and in the documents attached Name of Attached Document Listing Required information	ed below is accurate.  ed below is accurate.  [Yes/No)  [Tres/No)
Progress the box (3010) Mile Plea cont (3011) recipiant additional	oxes below to nota compliance on its five year service quality plan (pursua CFR § 54.313(f)(2). I further certify that the agarass Report on 5 Year Plan sec check this box to confirm that the attached PDF, on line 3012, trains the required information pursuant to § 54.313 (f)(1)(ii) as a ipient of CAF Phase II support shall provide the number, names, and stresses of community anchor institutions to which began providing cass to broadband service in the preceding calendar year.  mmunity Anchor institutions (47 CFR § 54.313(f)(1)(ii) four company a Privately Heid ROR Carrier (47 CFR § 54.313(f)(2)) eas, does your company file the RUS annual report as a check these boxes to confirm that the attached PDF, on line 3017, realist the education for their annual RUS reports (Operating Report for ecommunications Borrowers).	ant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring c tha information reported on this form and in the documents attach  Name of Attached Document Listing Required Information  Name of Attached Document Listing Required Information	ed below is accurate.  ed below is accurate.  [Yes/No)  [Tres/No)
	lestone Certification (47 CFR § 54.313(f)(1)(1)) see check this box to confirm that the attached PDF, on line 30.12, trains the required information pursuant to § 54.313 (f)(1)(ii), as a ipient of CAF Phase II support shall provide the number, names, and tresses of community anchor institutions to which began providing tress to broadband service in the preceding calendar year. mmunity Anchor institutions (47 CFR § 54.313(f)(1)(ii)) four company a Privately Heid ROR Carrier (47 CFR § 54.313(f)(1)(ii)) as check these boxes to confirm that the attached PDF, on line 30.17, ritains the required information pursuant to § 54.313(f)(2) compliance quires: ctionic copy of their annual RUS reports (Operating Report for ecommunications Borrowers)	Name of Attached Document Listing Required information Name of Attached Document Listing Required information	[Ves/No]
	estone Certification (47 CFR § 54.313(f)(1)(1)) ase check this box to confirm that the attached PDF, on line 3012, ntains the required information pursuant to § 54.313 (f)(1)(ii), as a ipient of CAF Phase ii support shall provide the number, names, and aresses of community anchor institutions to which began providing cast to broadband service in the preceding calendar year. mmunity Anchor institutions (47 CFR § 54.313(f)(1)(ii)) cour company a Privately Heid ROR Carrier (47 CFR § 54.313(f)(2)) ses, does your company file the RUS annual report aga check these boxes to confirm that the attached PDF, on line 3017, ntains the required information pursuant to § 54.313(f)(2) compliance tuires: ctronic copy of their annual RUS reports (Operating Report for ecommunications Borrowers)	Name of Attached Document Listing Required information	(Yes/No)
	Italias the required information pursuant to § 54.313 [f]([1][ii], as a ipient of CAF Phase ii support shall provide the number, names, and tresses of community anchor institutions to which began providing cass to broadband service in the preceding calendar year.  Immunity Anchor institutions (47 CFR § 54.313(f)[1][ii])  Four company a Privately Heid ROR Carrier (47 CFR § 54.313(f)[2])  Ses, does your company file the RUS annual report  as check these boxes to confirm that the attached PDF, on line 3017, reasts the estached PDF, on the 3017, reasts the capting information pursuant to § 54.313(f)[2] compliance ctionic copy of their annual RUS reports (Operating Report for ecommunications Borrowers)	Name of Attached Document Listing Required Information	(Yes/No)
	mmunity Anchor institutions (47 CFR § 54.313(f)[1][1]) rour company a Privately Held ROR Carrier (47 CFR § 54.313(f)[2]) es, does your company file the RUS annual report ase check these boxes to confirm that the attached PDF, on line 30.17, ntains the required information pursuant to § 54.313(f)[2] compliance puires: crionic copy of their annual RUS reports (Operating Report for ecommunications Borrowers)	Name of Attached Document Listing Required Information	(Yes/No)
(3013) is yo (3014) if ye Plea	juires: ctronic copy of their annual RUS reports (Operating Report for ecommunications Borrowers)		
requ (3015) Elect Tele			
(3016) PDF	PDF of Balance Sheet, income Statement and Statement of Cash Flows		]
(3017) If the repo (3018) If the	If the response is yes on line 3014, attach your company's RUS annual report and all required documentation if the response is no on line 3014, is your company audited?	Name of Attached Document Listing Required information	(Yes/No)
ifth	If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § $54.313(\Omega L)$ , contains		
: (3019) Eith in a (3020) PDF	: Either a copy of their audited financial statement; or [2] a financial report in a format comparable to RUS Operating Report for Telecommunications PDF of Balance Sheet, income Statement and Statement of Cash Flows		
(3021) Mar that	Management letter issued by the independent certified public accountant that performed the company's financial audit.		3
if the to condition (Copy Copy Inde (3022) form	If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)[2), contains: Coptains: Capy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications		
8on (3023) Und	Borrowers, Underlying information subjected to a review by an independent certified		
(3024) Und (3025) POF	Underlying information subjected to an officer certification.  POF of Balance Sheet, income Statement and Statement of Cash Flows		
	Attach the worksheet listing required information	Name of Attached Document Listing Required information	502286ut3026

<010>	Study Area Code	502286
<015>	Study Area Name	SOUTH CENTRAL UTAH
<020>	Program Year	2014
<030>	Contact Name - Perse	on USAC should contact regarding this data Marc McLemore
<035>	Contact Telephone N	umber - Number of person identified in data line <030> 435-826-0225
<039>	Contact Email Addres	ss - Email Address of person identified in data line <030> marcm@socen.com

### TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

l certify that I am an officer of the reporting carrier; my responsibilities recipients; and, to the best of my knowledge, the information reported	include ensuring the accuracy of the annual reporting requirements for universal service support I on this form and in any attachments is accurate.
Name of Reporting Carrier: SOUTH CENTRAL UTAH	
Signature of Authorized Officer: CERTIFIEO ONLINE	Date
Printed name of Authorized Officer: Michael Bast	
Title or position of Authorized Officer: CEO	
Telephone number of Authorized Officer: 435-826-4211	
Study Area Code of Reporting Carrier: 502286	Filing Due Date for this form: 10/15/2013

	water by	
<010>	Study Area Code	502286
<015>	Study Area Name	SOUTH CENTRAL UTAH
<020>	Program Year	2014
<030>	Contact Name - Person	n USAC should contact regarding this data Marc McDemore
<035>	Contact Telephone Nu	mber - Number of person identified in data line <030> 435-826-0225
<039>	Contact Email Address	- Email Address of person identified in data line < 030> marcm@socen.com

### TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

I certify that (Name of Agent) also certify that I am an officer of the reporting carrier; my res agent; and, to the best of my knowledge, the reports and data	is autherized to submit the information reported on behalf of the reporting carrier. <b>nsibilities</b> include ensuring the accuracy of the annual data reporting requirements provided to the authorized avided to the authorized agent is accurate.
Name of Authorized Agent:	
Name of Reporting Carrier:	
Signature of Authorized Officer:	Oate:
Printed name of Authorized Officer:	
Title or position of Authorized Officer:	
Telephone number of Authorized Officer:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:

#### TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent A	Authorized to File Annual Reports for CAF or LI Recipien	s on Benair of Reporting Carrier
	erized to submit the annual reports for universal service support re reporting carrier; and, to the best of my knowledge, the information	
Name of Reporting Carrier:		
Name of Authorized Agent or Employee of Agent:		
Signature of Authorized Agent or Employee of Agent:		Oate:
rinted name of Authorized Agent or Employee of Agent:		2 1992 C
Title or position of Authorized Agent or Employee of Agent		
Telephone number of Authorized Agent or Employee of Ag	ent:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:	

### Attachments

<010> St	Study Area Code	4.				502286		de maio de maio de la compansión de la c			
<015> St	Study Area Name	ē.				SOUTH CENTRAL UTAH	TRAL UTAH				
<020> Pr	Program Year					2014					
<030> Co	Contact Name - Person USAC should contact regarding this data	Person USA	C should cont	act regardin	ig this data	Marc McLemore	ore				
<035> Co	intact Telepho	ine Number	- Number of	person iden	Contact Telephone Number - Number of person identified in data line <030>		435-826-0225	8006 (10.00 to 10.00	7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7		
	intact Email Ac	1dress - Emi	ail Address of	person iden	Contact Email Address - Email Address of person identified in data line <030>	100	marcm@socen.com	wo.			
1											
<8>	+	<	<63>	   	\$	\$25	ô	<e></e>	€	\$	<h></h>
NORS Reference Number	Dutage Start Date	Outage Start Time	Outage End Date	Outage End Time	Number of Customers Affected	Totai Number of Customers	911 Facilities Affected (Yes / No)	Service Outage Description (Check ali that a pply)	Did This Outage Affect Multiple Study Areas (Yes / No)	Service Outage Resolution	Preventative Procedures
	03/20/2012		03/20/2012			Red	No	Wireline (including cable) VoIP, Wireline (including cable) Voice (including cable)	No	Replaced card in DACS	Make sure A-links are sired on separate aquipment and are totally redundant
	06/07/2012	16:45	06/07/2012	17:30		dacte	Yes	Wireline (including cable) Voice (non-VoIP), 911, E911 or NG911 Services only	No	Replaced card in carrier	Make suck techs are using proper ESD and make suce we have spare cards on hand
	06/10/2012	14:40	06/10/2012	16:40		ed 	No	Wireline (including cable) VoIP, Wireline (including cable) Voice (non-VoIP)	No	Repair fiber damaged by gophers	Placed fiber in conduit. Routed toll taffic on a protected ring.
	06/13/2012	09:50	06/13/2012	14:30			Yes	wireline (including cable) Voice (non- VoIP), 911, E911 or NG911 Services only	No	Repaired two 50 pr cables cut by power company	Remind utility providers to call Blue Stakes before they dig
	08/24/2012	15:00	08/24/2012	16:30			Yes	Wireline (including cable) Voice (non- VoIP), 911, E911 or NG911 Services only	No	Repair cable cut by construction company	Remind construction companies to call Blue Stakes before they dig
			Ca. opasso								
	S.										
		acte bect									
3											
		or P									All residence of the second se
		ubli									
	8	С					28 28				
	-	1		1					1		

Doing Business As Company or Brand Designation	
SAC	
4010> Study Area Code  4015> Study Area Name  4020> Program Year  4020> Contact Name - Person USAC should contact regarding this data  4030> Contact Name - Person USAC should contact regarding this data  4030> Contact Email Address - Email Address of person identified in data line 4030> Marc Medeocen.com  4030> Contact Email Address - Email Address of person identified in data line 4030> Marc medeocen.com  4030> Contact Email Address - Email Address of person identified in data line 4030> Marc medeocen.com  4030> Contact Email Address - Email Address of person identified in data line 4030> Marc medeocen.com  4030> Contact Email Address - Email Address of person identified in data line 4030> Marc medeocen.com  4030> Contact Email Address - Email Address of person identified in data line 4030> Marc medeocen.com  4030> Contact Email Address - Email Address of person identified in data line 4030> Marc medeocen.com  4030> Contact Email Address - Email Address of person identified in data line 4030> Marc medeocen.com  4030> Contact Email Address - Email Address of person identified in data line 4030> Marc medocen.com  4030> Contact Email Address - Email Address of person identified in data line 4030> Marc medocen.com  4030> Contact Email Address - Email Address of person identified in data line 4030> Marc medocen.com  4030> Contact Email Address - Email Address of person identified in data line 4030> Marc medocen.com  4030> Contact Email Address - Email Address of person identified in data line 4030> Marc medocen.com  4030> Contact Email Address - Email Address of person identified in data line 4030> Marc medocen.com  4030> Contact Email Address - Email Address of person identified in data line 4030> Marc medocen.com  4030> Contact Email Address - Email Address of person identified in data line 4030> Marc medocen.com  4030> Contact Email Address - Email Address of person identified in data line 4030> Marc medocen.com  4030> Contact Email Address - Email Address of person identified in data line 4030> Marc medocen.com	

There were 6 unfulfilled requests for broadband service from potential customers in South Central Utah Telephone's service area during calendar year 2012. South Central Utah Telephone performed an engineering study of the facilities required to provide broadband service, estimated the cost of such facilities, and provided the customer with an estimate of their construction charge fees under the provisions of the Company's tariff. The customer elected not to pay the required construction charges.

There were 6 unfulfilled requests for voice service from potential customers in South Central Utah Telephone's service area during calendar year 2012. South Central Utah Telephone performed an engineering study of the facilities required, estimated the cost of such facilities, and provided the customer with an estimate of their construction charge fees under the provisions of the Company's tariff. The customer elected not to pay the required construction charges.

Response Line 510 South Central Utah Telephone Assn, Inc 502286

Pursuant to 47 C.F.R. § 54.313(a)(5) and or 47 C.F.R. § 54.422(b)(3) South Central Utah Telephone Assn, Inc, ("South Central") is in compliance with appropriate FCC Service Quality Standards and Consumer Protection Rules. South Central provides CPNI training to all of its new employees and in addition trains all of its existing employees on an annual basis. South Central also conducts subscriber outreach regarding CPNI by periodically placing CPNI explanation messages onto its website informing subscribers on CPNI rules and regulations. In addition South Central trains staff on Red Flag issues on an annual basis. All company employees are required to sign and acknowledge that they have completed CPNI and Red Flag training and understand obligations to adherence of applicable rules.

South Central also outlines its rates, terms, and conditions under which South Central offers service in its Local Exchange Tariff. The tariff explains customer rights and obligations, customer service, dispute resolution, deposits, billing and payment options, disconnection of service as well as cancellation of service options. South Central keeps its tariffs available for public inspection at its business offices.

Response Line 610 COMPANY NAME Study Area INSERT HERE

### Functionality in Emergency Situations:

Pursuant to 47 C.F.R. § 54.313(a)(6) and 47 C.F.R § 54.22(b)(4) as set forth in 47 C.F.R. § 54.202(a)(2) South Central Utah Telephone Assn, Inc. ("South Central") meets the requirements to remain functional in emergency situations and has the following capabilities: Back-up power is provided to all central offices by use of a fixed generator and/or batteries that provide them with a minimum of eight hours of emergency power. In addition, South Central field electronics also have a minimum of eight hours of back-up power by use of fixed or mobile generators and/or batteries. South Central also has DWDM technology deployed in its core fiber optic network that is self-healing and will automatically reroute traffic should a fiber cut occur. In addition South Central has connectivity between all 23 of its exchanges to exchange traffic and also has connectivity to the LATA Tandem which further provides capabilities of handling traffic. Lastly South Central is prepared and capable of managing traffic spikes resulting from emergency situations and has developed procedures for employees to follow during emergency situations.

October 29, 2012

Manuel Savala Chairperson Kaibab Band of Paiute Indians HC 65 Box 2 Fredonia, AZ 86022

#### Dear Manuel Savala:

Thank you for taking the time to meet with me on October 26, 2012. The feedback from you was encouraging and will be useful. During our meeting we discussed the high-speed internet and voice communications needs of the Kaibab Band of Paiute Indians. I am pleased to know that South Central is currently meeting the needs of the Kaibab Band of Paiute Indians. Additionally, we discussed to need to continue to work together on right-of-way and land use permitting in order to provide the Kaibab Band of Paiute Indians the communications services needed.

South Central is committed to providing you with the highest level of customer satisfaction and technology services. If for any reason you have questions or comments, I would be delighted to hear from you. Call our toll-free number, 888-826-4211, or send me e-mail at michaele@socen.com.

Again, thank you for meeting with me.

Sincerely,

Michael R. East

CEO

South Central Communications

P.S	<b>5.C.</b> U	ΓΑΗ NO. 5	Cancels 3 <sup>rd</sup> Revised Sheet No. 24	
		LIFELIN	<u>E</u>	
1.	GE	NERAL		
		licable to qualifying low-income subscribers apany.	to single party residential service of the	
2.	RA'	TES		
	A.		service charges normally paid by qualifying the normal residential one-party rates are as	(T)
		Residential Access Lines	Monthly Credit or Discount	
		Federal Lifeline Reduction State Local Rate Reduction	\$ 9.25 \$ 3.50	(I) (T)
			ormal residential one-party service subscribed and in a bundled service plan combining voice ptional calling features.	(C) (C)
		•	eduction, the State provides a Local Rate to Public Service Commission of Utah Rules in is only provided if it is funded through the	(T)   (T)
		In no case will the discount exceed the rate each individual.	charged for the service subscribed to by	
	В.	The following services are included:		
		<ol> <li>Single party, voice grade access to the</li> <li>Access to emergency services</li> <li>Access to operator services</li> <li>Access to interexchange services</li> <li>Access to directory assistance</li> <li>Toll Blocking, if requested by the Curvey</li> <li>Extended Area Service</li> </ol>		(C) (C)

#### 1st Revised Sheet No. 24.1 SOUTH CENTRAL UTAH TELEPHONE ASSN., INC. P.S.C. UTAH NO. 5 Cancels Original Sheet No. 24.1

### LIFELINE (Cont'd)

#### 3. LIFE LINE ELIGIBILITY REQUIREMENTS

- An applicant must meet eligibility requirements established in the Public Service Commission of Utah Rules R746-341.
- Customer must complete the approved application for the Utah Telephone Assistance В. Program (UTAP) and submit the application to UTAP program for eligibility certification.
- The customer must be recertified annually by the appropriate state agency C.
- The premises at which the residential service is requested is the applicant's principal place of D. residence.
- E. There is only one telephone line serving the residential premises eligible for the credit. The residential premises shall consist of that portion of an individual house or building or one flat or apartment occupied by a single family or individuals functioning as one domestic unit.

#### **FUNDING** 4.

- A. The Federal Lifeline Reduction is reimbursed to the company through the Universal Service Administrative Company (USAC).
- Β. The State Local Rate Reduction is funded from the Utah Universal Services Fund (USF). The company is reimbursed for the State Local Rate Reduction from the Utah USF.

#### REGULATIONS 5.

- A. The Telephone Assistance Program credit will begin with the next billing cycle of the company following the date the Company receives a valid application from the customer or when new service is established for a qualifying customer.
- The regular service connection charge, move and change charge, and regulations applicable В. to the service offerings specified in the tariff will apply. The service connection charge and move and change charge to change to or from this program due to eligibility status will be waived.
- The Lifeline credit will be subject to the following restrictions: C.
  - Applicant must be head of household or person whose name the property or rental 1. agreement resides.
  - Lifeline credit will only be provided to the applicant's principle residence. 2.
  - 3. The credit will only be applicable for one single residential access line.

Issued Date: 3/22/12 Advice/Dkt:

Michael East CEO/General Manager

(T)

(T)

(T)

(T)

Effective Date: 4/01/12

# SOUTH CENTRAL UTAH TELEPHONE ASSN., INC. 1<sup>st</sup> Revised Sheet No. 24.2 P.S.C. UTAH NO. 5 Cancels Original Sheet No. 24.2

### LIFELINE (Cont'd)

5. REGULATIONS (Cont'd)

(L)

(L)

- D. Lifeline will not be furnished on a Foreign Exchange (FEX) basis.
- E. Lifeline service shall not be disconnected for non-payment of toll charges.
- F. If the consumer chooses "toll blocking", the company will not charge a service deposit.

  Deposits will not be required if customers choose the toll blocking option. No toll blocking charges will be assessed to Lifeline subscribers.
- 6. The Company will offer Lifeline assistance only during such periods as reimbursement of the discount is available to the Company from Federal and/or State revenue sources.

Issued Date: 3/22/12

Advice/Dkt:

Michael East CEO/General Manager Effective Date: 4/01/12



### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors South Central Utah Telephone Association, Inc. and Subsidiaries Escalante, Utah

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of South Central Utah Telephone Association, Inc. (a Utah corporation) and subsidiaries as of December 31, 2012 and 2011, and the related consolidated statements of operations, members' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

#### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment; including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management as well as evaluating the overall consolidated financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of South Central Utah Telephone Association, Inc. and subsidiaries as of December 31, 2012 and 2011, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Madison, Wisconsin

April 12, 2013

### CONSOLIDATED BALANCE SHEETS December 31, 2012 and 2011

2012	2011

### **ASSETS**

### **CURRENT ASSETS**

Redacted	
Redacted	
<u> </u>	

### OTHER NONCURRENT ASSETS

Equity method investments
Investment in lenders
Other investments
Deferred income taxes
Deferred charges
Goodwill

### PROPERTY, PLANT AND EQUIPMENT

Telephone plant in service Video plant in service Internet and broadband plant in service Other nonregulated equipment

Less accumulated depreciation

Plant under construction

### ASSETS FROM DISCONTINUED OPERATIONS

### **TOTAL ASSETS**

Redacted

Redacted

Redacted

The accompanying notes are an integral part of these consolidated financial statements.

### **CONSOLIDATED BALANCE SHEETS** December 31, 2012 and 2011

2012 2011

### LIABILITIES AND MEMBERS' EQUITY

### **CURRENT LIABILITIES**

Current portion of long-term debt Current portion of capital leases Accounts payable: Interexchange carriers Other Advance billing and payments Customer deposits Accrued taxes Accrued interest payable Other accrued liabilities

LONG-TERM DEBT, less current portion

OTHER NONCURRENT LIABILITIES

LIABILITIES FROM DISCONTINUED OPERATIONS

### MEMBERS' EQUITY

Memberships Patronage capital assignable Patronage capital assigned Unallocated nonoperating margins Other capital



TOTAL LIABILITIES AND MEMBERS' EQUITY

Redacted

OPERATING REVENUES

### SOUTH CENTRAL UTAH TELEPHONE ASSOCIATION, INC. ESCALANTE, UTAH

### CONSOLIDATED STATEMENTS OF OPERATIONS Years ended December 31, 2012 and 2011

2012

2011

### Redacted Local network services Network access services Long distance services Video services Internet services Wireless services Broadband services Miscellaneous revenue Uncollectible revenue OPERATING EXPENSES Plant specific operations Plant nonspecific operations Cost of internet services Cost of long distance services Cost of video services Cost of broadband services Cost of wireless services Depreciation Customer operations Corporate operations General taxes OPERATING MARGINS OTHER INCOME (EXPENSE) Interest and dividend income Allowance for funds used during construction Loss on investment Equity in earnings of unconsolidated affiliate Gain on sale of assets Interest expense Other, net Redacted MARGINS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES INCOME TAXES FROM CONTINUING OPERATIONS MARGINS FROM CONTINUING OPERATIONS DISCONTINUED OPERATIONS Income (loss) from operations of discontinued component Gain on disposal of discontinued component NET MARGINS

The accompanying notes are an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY Years ended December 31, 2012 and 2011

Balance at December 31, 2010

Net margins

Memberships added (net)

Balance at December 31, 2011

Net margins

Memberships added (net)

Balance at December 31, 2012



# CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY Years ended December 31, 2012 and 2011



### CONSOLIDATED STATEMENTS OF CASH FLOWS Years ended December 31, 2012 and 2011

	_	2012	2011	
CASH FLOWS FROM CONTINUING OPERATING ACTIVITIES  Net margins from continuing operating activities  Adjustments to reconcile net margins  to net cash provided by operating activities:  Depreciation  Deferred income taxes  Patronage in business conducted with cooperatives  Patronage distributions received from business conducted with cooperatives  Equity income in unconsolidated affiliates  Loss on sale of other investments  Realized gain on sale of property  Allowance for funds used during construction  Changes in assets and liabilities:  (Increase) Decrease in:  Accounts receivable  Materials, supplies and inventory  Prepayments  Deferred charges  Other  Increase (Decrease) in:  Accounts payable  Accrued taxes  Accrued interest payable  Advance billing and customer deposits  Other  Net cash provided by operating activities	\$	Redacted		
CASH FLOWS FROM INVESTING ACTIVITIES Capital expenditures Sale of investments Salvage, net of cost of removing plant Proceeds from sales of equipment Net cash used in investing activities  CASH FLOWS FROM FINANCING ACTIVITIES Repayment of long-term debt Repayment of capital lease obligations Memberships issued, net Net cash used in financing activities  CASH FLOWS FROM DISCONTINUED OPERATIONS	_			
Net Increase in Cash and Cash Equivalents	_	-		
Cash and Cash Equivalents at Beginning of Year				
	\$			
Cash and Cash Equivalents at End of Year	<b>=</b>			

The accompanying notes are an integral part of these consolidated financial statements.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2012 and 2011

#### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### **Basis of Presentation**

South Central Utah Telephone Association, Inc. and subsidiaries (herein referred to as "the Company") are providers of telecommunications exchange, local access, long distance, internet, video, wireless, and broadband services in a service area located primarily in southern Utah and northern Arizona.

The accounting policies of the Company conform to accounting principles generally accepted in the United States of America. Management uses estimates and assumptions in preparing its consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management has evaluated subsequent events through April 12, 2013, the date the financial statements were available for issue. Telephone operations reflect practices appropriate to the telephone industry. The accounting records of the telephone company are maintained in accordance with the Uniform System of Accounts for Class A and B Telephone Companies prescribed by the Federal Communications Commission (FCC) as modified by the Public Utilities Commission of Utah (PSCU) and the Arizona Corporation Commission (ACC).

### Principles of Consolidation

The consolidated financial statements include the accounts of the parent company South Central Utah Telephone Association, Inc. and its 100% owned subsidiaries, South Central Communications, Inc., and South Central Communications - Teleom Services, Inc. All material intercompany transactions have been eliminated in consolidation.

### Cash Equivalents

### Redacted

#### Accounts Receivable

Accounts receivable are reported net of an allowance for doubtful accounts. The allowance is based on management's estimate of the amount of receivables that will actually be collected.

### **Inventory**

Inventory is stated at the lower of cost or market with cost determined by the average cost method. Inventory consists primarily of equipment for the provisioning of internet service.

#### **Investments**

Nonmarketable equity investments, over which the Company has significant influence are reflected on the equity method.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2012 and 2011

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Goodwill and Intangibles

Goodwill and intangible assets deemed to have indefinite lives are stated at the lower of cost or fair value. These assets are subject to periodic impairment tests. Intangible assets with definite lives are amortized.

### Property, Plant and Equipment

Telephone plant in service is capitalized at original cost including the capitalized cost of salaries and wages, materials, certain payroll taxes, employee benefits and interest incurred during the construction period.

The Company provides for depreciation for financial reporting purposes on the straight-line method by the application of rates based on the estimated service lives of the various classes of depreciable property as approved by the PSCU and ACC. These estimates are subject to change in the near term.

Renewals and betterments of units of other property are charged to plant in service. When telephone plant is retired, its cost is removed from the asset account and charged against accumulated depreciation less any salvage realized. No gains or losses are recognized in connection with routine retirements of telephone property. Repairs and renewals of minor items of telephone property are included in plant specific operations expense.

Repairs of video, internet and other property, as well as renewals of minor items, are charged to plant specific operations expense. A gain or loss is recognized when video, internet, broadband and other property is sold or retired.

### **Asset Retirement Obligations**

Generally accepted accounting principles require entities to record the fair value of a liability for legal obligations associated with an asset retirement in the period in which the obligations are incurred. When the liability is initially recorded, the entity capitalizes the cost of the asset retirement obligation by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset.

The Company has determined it does not have a material legal obligation to remove long-lived assets, and accordingly, there have been no liabilities recorded for the years ended December 31, 2012 and 2011.

#### Software

The Company capitalizes costs (including right-to-use fees) associated with externally acquired software for internal use. Software maintenance and training costs are expensed as incurred. Capitalized software is generally amortized on a straight-line basis over its useful life, not to exceed five years.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2012 and 2011

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Long-Lived Assets**

The Company would provide for impairment losses on long-lived assets when no longer cost of service regulated, indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. Based on current conditions, management does not believe any of its long-lived assets are impaired.

#### **Income Taxes**

The Company and South Central Communications - Telcom Services, LLC, a disregarded entity for tax purposes, are exempt from federal income taxes under code section 501(c)12. With respect to cooperative operations, the financial statements reflect no provision or liability for income taxes.

South Central Communications, Inc. files a separate income tax return from the Company. Income taxes are accounted for using a liability method and provide for the tax effects of transactions reported in the consolidated financial statements including both taxes currently due and deferred. Deferred taxes are adjusted to reflect deferred tax consequences at current enacted tax rates. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred taxes arise from differences in the basis of plant for financial and tax purposes. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible, when the assets and liabilities are recovered or settled. Deferred taxes also are recognized for operating losses that are available to offset future taxable income.

### Revenue Recognition

The Company recognizes revenues when earned regardless of the period in which they are billed. The Company is required to provide telephone service to subscribers within its defined service territory.

Local network, video, internet and broadband revenues are recognized over the period a subscriber is connected to the network.

Network access and long distance service revenues are derived from charges for access to the Company's local exchange network. The interstate portion of access revenues is based on a cost separation procedure settlement formula administered by the National Exchange Carrier Association (NECA) which is regulated by the FCC. The intrastate portion of access revenues are billed on individual company tariff access charge structure based on expense and plant investment of the Company as approved by the PSCU and ACC. The tariffs developed from these formulas are used to charge the connecting carrier and recognize revenues in the period the traffic is transported based on the minutes of traffic carried. Long distance revenues are recognized at the time a call is placed based on the minutes of traffic processed at contracted rates.

Reported network access revenues are estimates subject to settlement adjustments in the near term resulting from changes in expense and plant investment levels and rate of return experience.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2012 and 2011

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)



The Company earns wireless service revenues for usage of its wireless system. Roaming revenue is billed in arrears based on minutes of use and is recognized when the service is rendered.

The Company recognizes taxes charged to customers on a net basis.

**Advertising Costs** 



Fair Value Measurements



Patronage Capital

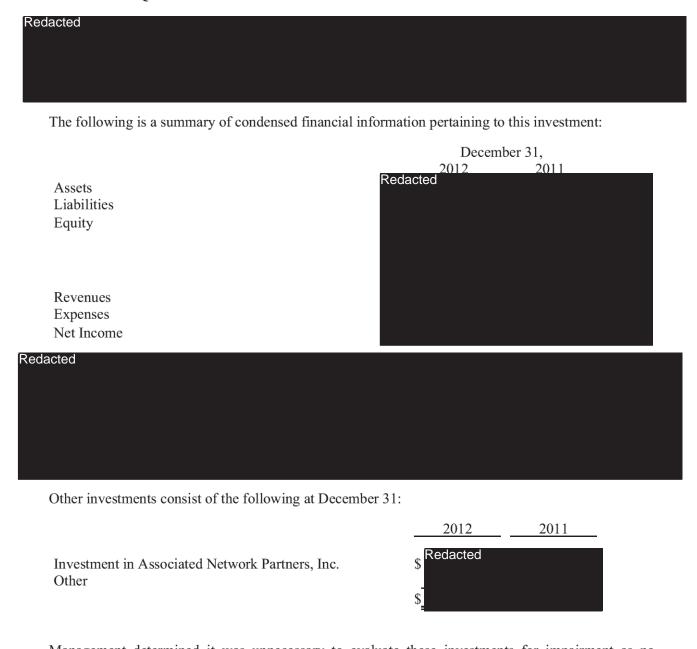
Revenues in excess of costs and expenses are assigned to patrons on a patronage basis in accordance with the Company's bylaws and are represented by patronage capital.

### Reclassifications

Certain reclassifications have been made to the 2011 financial statements to conform with the 2012 presentation.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2012 and 2011

#### NOTE 2. COST AND EQUITY METHOD INVESTMENTS

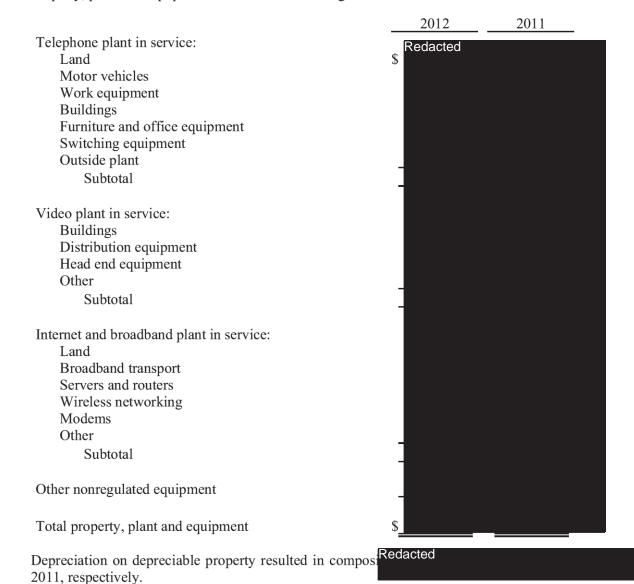


Management determined it was unnecessary to evaluate these investments for impairment as no identitied adverse event or changes in circumstances were observed. In accordance with generally accepted accounting principles the Company is not required to estimate fair value under these conditions.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2012 and 2011

### NOTE 3. PROPERTY, PLANT AND EQUIPMENT

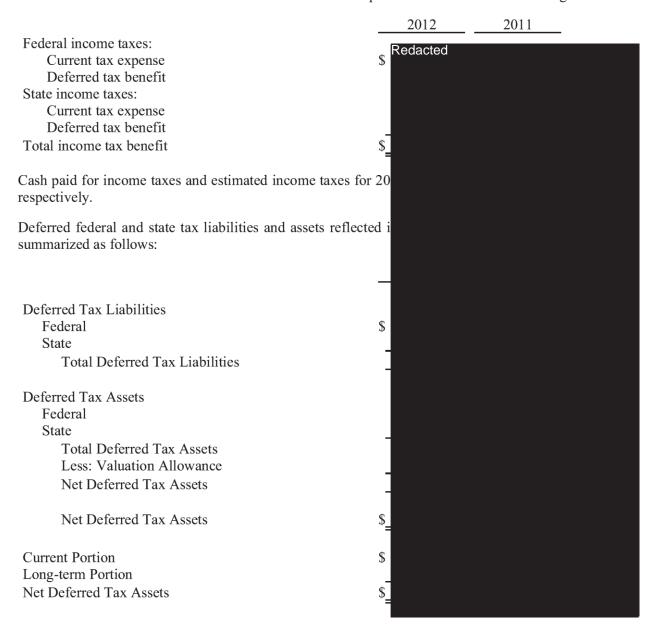
Property, plant and equipment includes the following:



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2012 and 2011

### NOTE 4. INCOME TAXES

Income taxes reflected in the Consolidated Statements of Operations consist of the following:



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2012 and 2011

### **NOTE 4. INCOME TAXES (Continued)**



### NOTE 5. LONG-TERM DEBT



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2012 and 2011

#### **NOTE 5. LONG-TERM DEBT (Continued)**



#### NOTE 6. LOAN GUARANTEE



#### NOTE 7. MULTIEMPLOYER DEFINED BENEFIT PENSION PLAN

The Company contributes to the "Retirement and Security Program (R&S) for Employees of the National Telecommunications Cooperative Association (NTCA) and Its Member Systems". The multiemployer program is a defined benefit pension plan covering most employees. The risk of participating in this multiemployer plan is different from single-employer plans in the following aspects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If the Company chooses to stop participating in the multiemployer plan, they may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2012 and 2011

#### NOTE 7. MULTIEMPLOYER DEFINED BENEFIT PENSION PLAN (Continued)

The Company's participation in this plan for the annual period ended December 31, 2012, is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employer Identification Number (EIN) and the three-digit plan number, if applicable. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2012 is for the plan's year-end at December 31, 2011. The zone status is based on information that the Company received from the plan. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded, and plans in the green zone are at least 80 percent funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plant (FIP) or rehabilitation plan (RP) is either pending or has been implemented.

The plan does not have a certified zone status as currently defined by the PPA because the plan is considered a multiple employer plan pursuant to the Internal Revenue Code and ERISA but based on the latest plan information the plan's zone status is disclosed in the table below.



At the date the consolidated financial statements were issued, Forms 5500 were not available for the plan year ending in 2012.

### NOTE 8. CONCENTRATIONS OF CREDIT RISK

The Company grants credit to local service customers, all of whom are located in the franchised service area, telecommunications intrastate and interstate long distance carriers, internet, broadband, video and long distance customers.

The Company received approximately 48% of its 2012 revenues from access revenues and assistance provided by the Federal Universal Service Fund. As a result of the Telecommunications Act of 1996, the manner in which access revenues and Universal Service Funds are determined is currently being modified by regulatory bodies.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents.

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Redacted For Public Inspection

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2012 and 2011

### NOTE 9. REGULATORY ACCOUNTING

For its telephone operations, the Company follows generally accepted accounting principles for regulated enterprises. Accordingly, the Company defers certain cost and obligations and depreciates plant and equipment over lives approved by regulators. While the Company continues to believe the current regulatory and competitive environment supports this accounting treatment, should conditions change the Company would be required to write-off these deferred cost and obligations and evaluate the net carrying value of its plant and equipment for any impairment losses absent the future recovery currently permitted by the regulators.

#### NOTE 10. REGULATORY MATTERS

The Company receives revenues from access revenues and assistance provided by the Federal Universal Service Fund. As a result of the National Broadband Plan the manner in which access revenues and Universal Service Funds are determined has been modified by the Federal Communications Commission in an order effective December 29, 2011. Among other things, this order provides for (1) a requirement to provide broadband services; (2) the establishment of a Connect America Fund (CAF) to replace current USF and high cost support mechanisms with a cap on the total fund; (3) modifications to the current rate of return support model including caps on the recovery of certain expenditures; (4) a reduction in the terminating access charges billed by the Company over a nine year period with eventual transition to a bill-and-keep framework for the exchange of traffic between carriers; (5) a new access recovery charge on monthly customer bills; and (6) a national framework for reporting and oversight.

The order calls for further guidelines to be adopted on implementation and other topics. Portions of this order applicable to the Company are being challenged. Accordingly, neither the outcome of these proceedings nor their potential impact on the Company can be predicted at this time.

#### NOTE 11. DISCONTINUED OPERATIONS



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2012 and 2011

### NOTE 11. DISCONTINUED OPERATIONS (Continued)





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To the Board of Directors South Central Utah Telephone Association, Inc. and Subsidiaries Escalante, Utah

We have audited the consolidated financial statements of South Central Utah Telephone Association, Inc. and subsidiaries, as of and for the year ended December 31, 2012, and have issued our report thereon dated April 12, 2013.

Professional standards require the auditor to communicate certain matters to those charged with governance. The following comments regarding our responsibilities and results of our audit of the consolidated financial statements of South Central Utah Telephone Association, Inc. and subsidiaries for the year ended December 31, 2012, will assist you in overseeing the financial reporting and disclosure process for which management is responsible.

### Our Responsibility under Generally Accepted Auditing Standards

Our responsibility as described by professional standards and stated in our engagement letter, is to express an opinion about whether the consolidated financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the consolidated financial statements does not relieve you or management of your responsibilities. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable, but not absolute, assurance that the consolidated financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of South Central Utah Telephone Association, Inc. and subsidiaries. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters. We are also responsible for communicating matters required by law, regulation, agreement or other requirements applicable to the engagement to you.

To the Board of Directors South Central Utah Telephone Association, Inc. and Subsidiaries Page 2

#### Other Client Information Presented with the Consolidated Financial Statements

Our responsibility with respect to the supplementary information included with the consolidated financial statements is as described in our report thereon dated April 12, 2013.

### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter.

### **Significant Audit Findings**

### Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies.

The significant accounting policies of the Company are described in footnotes to the consolidated financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2012.

There were no transactions entered into by the Company during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the consolidated financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The only sensitive accounting estimates included in the consolidated financial statements for the year ended December 31, 2012, relate to the estimates for depreciation, uncollectibles and deferred tax valuation, of which the estimates were changed as discussed in Note 4. As part of our audit, we compared the Company's depreciation rates to average rates used within the telecommunications industry. We have also discussed with management the Company's long-range plant replacement plans and have determined the current depreciation rates to be consistent with those plans. We have also reviewed the realizability of deferred tax assets.

Management's estimate of the allowance for doubtful accounts is based on historical revenues, historical loss levels, and an analysis of the collectibility of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the consolidated financial statements taken as a whole.

#### Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

To the Board of Directors South Central Utah Telephone Association, Inc. and Subsidiaries Page 3

#### Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Our management letter and our report on internal control both dated April 12, 2013, comment on other findings and recommendations.

### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the consolidated financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit that individually or in the aggregate were of such significance that reference to the subject matter would have been made in our reports.

### **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated April 12, 2013.

### Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's consolidated financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Company's auditor. However, these communications occurred in the normal course of our professional relationship and to our knowledge our responses were not a condition to our retention.

#### Other Matters

With respect to the supplementary information accompanying the consolidated financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the consolidated financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the consolidated financial statements or to the consolidated financial statements themselves.

To the Board of Directors South Central Utah Telephone Association, Inc. and Subsidiaries Page 4

### Other Matters (Continued)

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This letter is intended solely for the information and use of the board of directors, management of the Company, the Federal Communications Commission (FCC), Universal Service Administration Company (USAC), and the relevant state and local regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

Madison, Wisconsin

April 12, 2013